

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1763 - SB 2501

March 8, 2018

**SUMMARY OF BILL:** Outlines requirements for a municipal corporation, county, state agency, development district, utility district, human resources agency, or other political subdivision to contract for the construction of a building or building improvements estimated, projected, or budgeted to exceed \$1,000,000.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent non-competitive methods of procurement are utilized to contract with vendors for building construction projects with costs exceeding \$1,000,000, there may be increases in state expenditures relative to state projects and permissive increases in local expenditures applicable to local projects. The extent and timing of any expenditure increase is dependent upon multiple unknown factors and cannot be reasonably determined.**

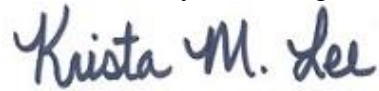
Assumptions:

- Based on information provided by the Department of General Services, any impact to Department operations is estimated to be not significant.
- Under current law, pursuant to Tenn. Code Ann. § 12-4-107(b), the state, a county, city, metropolitan government, or town is authorized to contract for construction management agent services for correctional facility projects through a written request for proposal process through advertisement, and such services are required to be awarded to the best qualified and responsible responder. Construction work performed under the coordination and oversight of a construction manager is required to be procured through a competitive bid process.
- This legislation requires a contract for any municipal corporation, county, state agency, development district, utility district, human resources agency, or other political subdivision construction project estimated, projected, or budgeted to exceed \$1,000,000 be made after a public advertisement and through a complete bid process; a request for proposals that include minimum required qualifications; or through a request for qualifications process that includes minimum qualifications and a selection process in which multiple proposers are selected and prequalified to submit competitive bids.
- To the extent a municipal corporation, county, state agency, development district, utility district, human resources agency, or other political subdivision uses a non-competitive

process to award a request for proposal process, state and local government expenditures may increase compared to competitively procured processes. The extent and timing of any increase is dependent upon unknown factors and cannot be reasonably determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj